back" and "in the front" without describing any particular degree of separation, depth of field, or spatial differentiation between the images used to create the composite. In light of this construction and the relevant prior art described above, the district court concluded the Patent was invalid under 35 U.S.C. §§ 102(a) & (b) and 103. Pet. App. 20-21.

Second, the district court determined that the Patent would be invalid for failure to comply with the written description, enablement, and best mode requirements of 35 U.S.C. § 112, if the terms "foreground" and "background" were construed to imply a particular degree of separation, depth of field, or spatial differentiation between the images used to create the composite, as Photomagic proposed. In the words of the district court "[n]either the patent claims nor the specification describe a depth of field." Pet. App. 21.

Third, the district court found that Photomagic failed to prove infringement by a preponderance of the evidence because the accused devices did not include an element of Claim 1—the "means for storing a frozen real time image" identified in the Patent specification as a video printer.[5]

Fourth, the district court observed that Photomagic had engaged in inequitable conduct by failing to disclose to the U.S. Patent Office the Barcrest patent application and the Foto Fantasy system that Photomagic's affiliate had used and purchased long before the '453 Patent application was filed.

For all the foregoing reasons, the district court entered a judgment in favor of Foto Fantasy. Photomagic timely

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5 Under 35 U.S.C. § 112, an element in a claim "may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof," but such an element must "be construed to cover the corresponding structure ... described in the specification and equivalents thereof."

appealed the district court's judgment to the Court of Appeals for the Federal Circuit. After full briefing and oral arguments, a panel of the Federal Circuit issued a judgment of affirmance without opinion pursuant to Federal Circuit Rules 36 and 47.6. Photomagic's request for rehearing en banc was also denied summarily. The Petition was filed in this Court on June 3, 2005.

REASONS FOR DENYING THE WRIT

The Federal Circuit's summary affirmance in this case satisfies none of the criteria that this Court traditionally applies in determining whether to exercise its certiorari jurisdiction. First, the Federal Circuit's summary affirmance is fact-bound and case-specific. Second, the Federal Circuit's summary affirmance is consistent with the relevant precedents of this Court, the Federal Circuit, and other federal courts, and does not involve any serious conflict among the courts or intra-circuit controversy concerning an issue of genuine national importance to federal patent law. Third, the Federal Circuit's summary affirmance does not present a good vehicle for this Court to address any of the issues presented, especially given Photomagic's failure to challenge all of the multiple grounds for the judgment below.

I. THE FEDERAL CIRCUIT'S JUDGMENT OF AFFIRMANCE WITHOUT OPINION HAS NO PRECEDENTIAL VALUE AND, THEREFORE, WILL NOT HAVE ANY PROSPECTIVE IMPACT ON FEDERAL PATENT LAW.

The Federal Circuit's summary affirmance of the district court's judgment is a routine appellate judgment that is inherently fact-bound and case-specific. For this reason alone, the Court should deny the Petition for lack of importance. *See* Sup. Ct. R. 10 (a petition for a writ of certiorari is "rarely granted when the asserted error consists

of erroneous factual findings or the misapplication of a properly stated rule of law."). *See, e.g., United States v. Johnston*, 268 U.S. 220, 227, 497 (1925) ("We do not grant a certiorari to review evidence and discuss specific facts.") *quoted in Texas v. Mead*, 465 U.S. 1041 (1984) (Stevens, J., respecting denial of certiorari). *See generally* Stern *et al.*, Supreme Court Practice §§ 4.11-4.17 (1985).

In this case, the Federal Circuit did not issue any opinion that clearly misstates a rule of law or squarely conflicts with a prior decision of this Court, the Federal Circuit, or another federal court. The Federal Circuit issued an ordinary judgment of affirmance without opinion, pursuant to Federal Circuit Rules 36 and 47.6. In order to take such action under the Federal Circuit Rules, the court of appeals had to consider the record on appeal and the briefs and oral arguments submitted by the parties and determine that the district court's judgment could be affirmed easily under the existing precedents of this Court and the Federal Circuit without "adding significantly" to the body of federal patent law. *See* Fed. Cir. R. 36 and 46.7.

Because the Federal Circuit's decision will not have *any* prospective impact on federal patent law, the Petition here of necessity presents only fact-intensive and case-specific questions that do not warrant further review on certiorari by this Court.

II. THE FEDERAL CIRCUIT'S SUMMARY AFFIRMANCE DOES NOT PRESENT ANY QUESTION OF GENUINE IMPORTANCE THAT WARRANTS THIS COURT'S REVIEW.

Without the benefit of a written opinion analyzing the case, Photomagic nevertheless asks this Court to review several questions concerning: (1) the district court's overall approach to claims construction, and its decision not to conduct a separate hearing to construe the terms used in

Claim 1 of the '453 Patent prior to a bench trial on the merits of Petitioner's patent infringement claim; (2) the district court's failure to credit an alleged concession of infringement; and (3) the district court's determination that Petitioner engaged in inequitable conduct in connection with its patent application.

As the above recital indicates, each of Photomagic's questions is fact-bound and case-specific. None of the questions involves any conflict among the federal courts or any real controversy concerning an issue of genuine national importance to federal patent law. The questions presented in the Petition were litigated fully before the Federal Circuit, and the Federal Circuit correctly realized that the district court's judgment could be affirmed under the existing precedents of this Court, the Federal Circuit, and other federal court of appeals without a written opinion. This Court should deny the Petition for the same reasons.

A. The Federal Circuit Summarily Affirmed An Approach To Claims Construction That Is Consistent With the Precedents Of This Court, The Federal Circuit, And Other Federal Courts.

Photomagic complains that it was "unduly prejudiced" when the district court refused to hold a separate hearing to construe the terms used in Claim 1 of the '453 Patent before conducting a bench trial on the merits of Photomagic's patent infringement claim. Pet. 13-14. Based solely on its assertion of undue prejudice, Photomagic asks the Court to grant review to decide whether a district court must hold a separate hearing to construe the terms of patent claims under *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 388 (1996), whenever a party requests such a hearing in advance of a bench trial on the merits of a patent infringement case. Pet. 13-14.

The district court's decision not to conduct a separate *Markman* hearing to resolve open issues of claims construction before or during the trial was a routine case management decision that does not involve any important issue of patent law that merits this Court's review. The record on appeal shows that neither party ever asked the district court to conduct a separate *Markman* hearing to construe the claim language of the '453 Patent until Photomagic demanded a bifurcated trial on claims construction and patent infringement issues in a "Procedural Statement for Trial" filed on September 11, 2003—less than two business days before the scheduled start of the trial on the merits.

The district court denied that request during a pretrial conference later that day, concluding that: (i) Supreme Court and Federal Circuit precedent did not require a separate hearing or ruling on claims construction prior to a bench trial on the merits of a patent infringement claim; (ii) the court could conduct a complete bench trial addressing claims construction and patent infringement without unnecessarily confusing any issues of fact and law; and (iii) a separate hearing would delay and disrupt the previously scheduled trial on the merits.

The district court's decision not to hold a separate *Markman* hearing before or during the trial, therefore, was an inherently fact-bound and case-specific exercise of judicial discretion. Following *Markman*, the Federal Circuit has consistently held that trial judges have broad discretion to interpret the terms of a patent claim at a time when parties have presented a full picture of the claimed invention and prior art. *Sofamor Danek Group, Inc. v. DePuy-Motech, Inc.*, 74 F.3d 1216, 1221 (Fed. Cir. 1996). As the Federal Circuit explained in one leading case, "*Markman* does not obligate the trial judge to conclusively interpret claims at an early stage in a case." *Id.* at 1221. "As long as the trial court

construes the claims to the extent necessary to determine whether the accused device infringes, the court may approach the task in any way that it deems best." *Ballard Medical Products v. Allegiance Healthcare Corp.*, 268 F.3d 1352, 1358 (Fed. Cir. 2001); *see also Fantasy Sports Properties, Inc. v. Sportsline.Com, Inc.*, 103 F.Supp.2d 886, 891 n.2 (E.D. Va. 2000) ("The Federal Circuit has given courts discretion to set the time for claim interpretation."), *vacated in part on other grounds*, 287 F.3d 1108 (Fed. Cir. 2002); *Vivid Techs. Inc. v. American Science & Eng'g, Inc.*, 997 F.Supp. 93, 95 (D. Mass.1997) (same). [6]

Photomagic's other objections concerning claims construction are equally meritless and unworthy of further review by this Court. Contrary to the Petition, the district court and the Federal Circuit did not disregard any well-established rules of claims construction or principles of patent law. The district court and the court of appeals construed the terms of the '453 patent in a manner that was consistent with relevant intrinsic evidence and determined that Photomagic's interpretation of the disputed terms in the '453 Patent was wrong. *See, e.g., Bell & Howell Document Management Products Co. v. Altek Systems, Inc.*, 132 F.3d 701, 706 (Fed. Cir. 1997) (when construing a patent claim, a court should look first to intrinsic evidence, including the patent's claim language, specification, and prosecution history to determine the meaning of a disputed term).

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6 The only case cited by Photomagic in the Petition in connection with this issue expressly recognizes that district courts have broad discretion to postpone final conclusions about claims construction issues until a time when parties have presented a full picture of the claimed invention and prior art. *See International Communication Materials, Inc. v. Ricoh, Ltd.*, 108 F.3d 316, 318 (Fed. Cir. 1997).

B. Neither The Federal Circuit Nor The District Court Disregarded Any "Concession of Infringement" Because The Respondents Never Conceded Anything As A Matter Of Fact At Trial.

Photomagic alternately argues that the Federal Circuit and the district court failed to credit an alleged "concession of infringement," and it urges this Court to grant review to correct this alleged error.

On its face, this issue once again is fact-bound and case-specific and does not involve any recurring legal issue that demands this Court's review. The record on appeal also is clear: Foto Fantasy never conceded infringement of the '453 Patent. At trial, Foto Fantasy acknowledged that its accused devices included *most* of the elements identified in Claim 1 of the Patent, but Foto Fantasy consistently argued that the accused devices did not include one of the elements of Claim 1—the "means for storing a frozen real time image" identified in the Patent specification as a video printer. Pet. App. 13. Indeed, at trial, Foto Fantasy put on live testimony and submitted evidence that showed how the "video printer" described in the Patent and the computer used in Foto Fantasy's systems were distinct, non-equivalent "means for storing a frozen real time image" that made a difference in the functioning of the respective digital photography systems.[7]

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7 In the court of appeals, Photomagic attempted to use selective quotations from the trial transcript to bolster its claim that Foto Fantasy conceded the issue of infringement at trial. However, these quotations were taken out of context to give a distorted impression on the proceedings below. The full transcript shows that no concession was made. Furthermore, at trial, Foto Fantasy presented live testimony and evidence to show that Foto Fantasy did not infringe.

The district court expressly recognized Foto Fantasy's position and correctly found that "Defendants concede that, as the Court construes background and foreground [without any particular degree of separation, depth of field, or spatial differentiation between the images], the accused devices infringe on all elements of Claim 1 except for the 'means for storing a frozen real time image.'" Pet. App. 13. Because the district court's determinations are correct and inherently case-specific, there is no reason to grant review on this issue.

C. The District Court's Alternate Holding Concerning Petitioner's Inequitable Conduct Does Not Warrant Review.

Photomagic lastly asks the Court to grant review to determine whether the district court erred when it stated in its Findings of Fact and Conclusions of Law that Photomagic had engaged in "inequitable conduct" by failing to disclose to the U.S. Patent Office the Barcrest patent application and the Foto Fantasy system that Photo-magic's affiliate had used in 1990 and purchased in 1991—long before the '453 Patent application was filed.

Like the other questions presented in the Petition, this issue is fact-bound and case-specific, and it does not involve any recurring legal issue of national importance. The question involves only allegations about erroneous factual findings and the misapplication of well-settled law. The asserted error is non-consequential even to the outcome of this case. The district court's determination concerning inequitable conduct was an alternative finding of fact and conclusion of law that was not necessary to support the judgment entered below.

III. THIS CASE IS NOT A GOOD VEHICLE FOR CONSIDERING ANY OF THE QUESTIONS PRESENTED IN THE PETITION.

For a variety of reasons, this case is not an appropriate vehicle for considering any of the questions presented in the Petition. First, the judgment entered and affirmed in this case was based on multiple, independent legal determinations—invalidity based on prior art and obviousness; invalidity based on failure to comply with requirements of 35 U.S.C. § 112; non-infringement with respect to the specified "means for storing a frozen real time image;" and inequitable conduct. Because the judgment below could be affirmed on any one of these independent grounds, judicial review in this case would require the Court to review all of the district court's factual findings and conclusions of law.

Second, because the case was affirmed without an opinion, this Court would have to review the district court's findings of fact and conclusions of law without the benefit of any written analysis of the record and the legal issues by the Federal Circuit. In a fact-intensive patent case like this one, that would require the Court to conduct what amounts to a direct review of a judgment by a district court.

Third, judicial review by this Court would be pointless because Photomagic has waived any right to challenge the district court's legal conclusions concerning the validity of the Patent. On appeal to the Federal Circuit, Photomagic failed to challenge the district court's conclusion that the Patent was invalid under Photomagic's interpretation of "background" and "foreground" for failure to comply with the written description, enablement, and best mode requirements of 35 U.S.C. § 112. Because Photomagic has waived any right to attack this district court finding, this

Court would be compelled to affirm the Federal Circuit's judgment with respect to the issue of the Patent's invalidity.

CONCLUSION

The Petitioner asks this Court to grant review to engage in routine appellate review of the district court's findings of fact and conclusions of law and discretionary case management decisions. The Petition is without merit and should be denied.

Respectfully submitted,

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